

CHECKLIST ENVIRONMENTAL ASSESMENT

Proposed Action: Approve Drilling Permit (Form 22)

Project/Well Name: Corwin 5 #1

Operator: Sklar Exploration Company, LLC

Location: T32N, R33E, Sec 5 Government Lot 1 (NENE)

County: Phillips MT; **Field (or Wildcat):** Wildcat

Proposed Project Date: 10/19/2019

I. DESCRIPTION OF ACTION

Sklar Exploration Company, LLC plans to drill a vertical gas well on private land with an objective formation being the Deadwood. The proposed total depth is 7,500' TVD/MD. The surface hole will be drilled to 1,500' with a freshwater mud system, Rule 36.22.1001. The location is in general sage grouse habitat and requires sage grouse approval.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED

Montana Bureau of Mines and Geology, GWIC website (Phillips County Wells).

US Fish and Wildlife, Region 6 website

ENDANGERED, THREATENED, PROPOSED AND CANDIDATE SPECIES MONTANA COUNTIES, Phillips County

Montana Natural Heritage Program Website (FWP)
Heritage State Rank= S1, S2, S3, T32N R33E

Montana Cadastral Website
Surface Ownership and surface use Section 5 T32N R33E

Montana Department of Natural Resources MEPA Submittal

2. ALTERNATIVES CONSIDERED

No Action Alternative: The proposed well would not be drilled.

Action Alternative: Sklar Exploration Company, LLC would have permission to drill the well.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

3. AIR QUALITY

Long drilling time: Not anticipated
Unusually deep drilling (high horsepower rig): No.

Possible H₂S gas production: Yes, possible H₂S gas, slight chance from Mississippian Formations.
In/near Class I air quality area: No Class I air quality area in the area of review.
Air quality permit for flaring/venting (if productive): Yes, DEQ air quality permit required under 75-2-211. AQB review.

Comments: No special concerns – using small rig to drill to 7,500' TVD/MD. If there are no gas gathering systems nearby, associated gas can be flared under Board Rule 36.22.1220.

4. WATER QUALITY

Salt/oil based mud: No. A freshwater system will be used throughout drilling process.
High water table: Within groundwater vulnerability area.
Surface drainage leads to live water: No. An unnamed ephemeral drainage is located about 3/10 of a mile to the north and ½ of a mile to the south. Whitewater creek is about 1 mile to the southwest.

Water well contamination: No water wells in ½ mile radius.

Porous/permeable soils: Slightly, sandy loam.
Class I stream drainage: No class I streams in the area.
Groundwater vulnerability area: Yes.

Mitigation:

- ☐ Lined reserve pit
- ☐ Adequate surface casing
- ☐ Berms/dykes, re-routed drainage
- ☒ Closed mud system
- ☒ Off-site disposal of solids/liquids (in approved facility)

Comments: Steel surface casing will be run and cemented to surface to protect ground water. (Rule 36.22.1001).

5. SOILS/VEGETATION/LAND USE

Vegetation: Area is a cultivated field.
Stream crossings: No stream crossings anticipated.
High erosion potential: No, A small cut of 4.1' and a small fill of 1.6' required.

Loss of soil productivity: No, location will be restored after drilling if nonproductive. If productive, unused portion of drill site will be reclaimed.

Unusually large wellsite (Describe dimensions): No, 300' X 300' location.

Damage to improvements: Slight, surface use is a cultivated field.

Conflict with existing land use/values: Slight.

Mitigation

- ☐ Avoid improvements (topographic tolerance)
- ☐ Exception location requested
- ☒ Stockpile topsoil
- ☐ Stream Crossing Permit (other agency review)
- ☒ Reclaim unused part of wellsite if productive
- ☐ Special construction methods to enhance reclamation

Access Road: Forks Road / existing dirt road. A new access of about 4/5 of a mile will be built into location.

Drilling fluids/solids: Closed loop system to be used.

6. HEALTH HAZARDS/NOISE

Proximity to public facilities/residences: No residents within a ½ mile radius.

Possibility of H2S: Yes possible H2S gas, slight chance from Mississippian Formations.

Size of rig/length of drilling time: Small rig, 5 -10 days drilling time.

Mitigation:

- ☒ Proper BOP equipment
- ☐ Topographic sound barriers
- ☐ H2S contingency and/or evacuation plan
- ☐ Special equipment/procedures requirements
- ☐ Other:

7. WILDLIFE/RECREATION

Sage Grouse: In general habitat and requires sage grouse approval from the Sage Grouse Habitat Conservation Program. Program letter received 10/10/19.

Proximity to sensitive wildlife areas (DFWP identified): Cree Crossing Wildlife Management Area is located ½ a mile to the south. Milk River – Sleeping Buffalo Wildlife Management Area is located about 2.5 miles to the Southeast.

Proximity to recreation sites: The Nelson Reservoir is about 3.6 miles to the southwest, Hewitt Lake and the Hewitt Lake National Wildlife Refuge is located about 6 miles to the southwest.

Creation of new access to wildlife habitat: No.

Conflict with game range/refuge management: No.

Threatened or endangered Species: Species listed as endangered or threatened in Phillips County are the Pallid Sturgeon, Piping Plover, Black-footed Ferret, Whooping Crane, Interior Least Tern, and the Red Knot. The Montana Natural Heritage Program website lists twelve (12) species of concern: Hoary Bat,

Little Brown Myotis, Swift Fox, Great Blue heron, Greater Sage-Grouse, Baird's Sparrow, Black Tern, Long-billed Curlew, Northern Redbelly Dace, Iowa Darter, Northern Pearl Dace, and Sauger

Mitigation:

- ☐ Avoidance (topographic tolerance/exception)
- ☐ Other agency review (DFWP, federal agencies, DNRC Trust Lands)
- ☐ Screening/fencing of pits, drillsite
- ☐ Other:

Comments: Private cultivated surface lands. There may be species of concern that maybe impacted by this wellsite. We ask the operator to consult with the surface owner as to what he would like done, if a species of concern is discovered at this location. The Board of Oil & Gas has no jurisdiction over private surface lands. No concerns.

IV. IMPACTS ON THE HUMAN POPULATION

8. HISTORICAL/CULTURAL/PALEONTOLOGICAL

Proximity to known sites:

Mitigation

- ☐ avoidance (topographic tolerance, location exception)
- ☐ other agency review (SHPO, DNRC Trust Lands L, federal agencies)

Other:

9. SOCIAL/ECONOMIC

Substantial effect on tax base

- ☐ Create demand for new governmental services
- ☐ Population increase or relocation

Comments: No concerns.

IV. SUMMARY

No long term impacts expected. Some short term impacts will occur, but can be mitigated.

I conclude that the approval of the subject Notice of Intent to Drill (does/**does not**) constitute a major action of state government significantly affecting the quality of the human environment, and (does/**does not**) require the preparation of an environmental impact statement.

EA Checklist Prepared By:	Name: John Gizicki
	Title: Compliance Specialist
Signature:	
Date: 10/16/19	